Message Text

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E.O. 11652: N/A TAGS: EFIN EAID IMF IR SUBJ: IRAN AND THE IMF

REF: TEHRAN 710

1. IRAN, HAVING APPROVED IN JANUARY THE IMF SECOND AMENDMENT TO THE ARTICLES OF AGREEMENT AND HAVING OBTAINED ITS QUOTA INCREASE (AND SUBSEQUENT INCLUSION BY JULY 1 IN THE IMF'S SDR BASKET, WHICH WAS PROMINENTLY ANNOUNCED BY TEHRAN'S PRESS MARCH 28), HAS YET TO INITIATE INTERNAL ACTION VIA A VIZ PARTICIPATIION IN THE WITTEVEEN FACILITY.

2. CENTRAL BANK OF IRAN(CBI) DIRECTOR FOR INTERNATIONAL RELATIONS AND STUDIES ALI MANAVI-RAD EXPANDED ON HIS COMMENTS TO EMBOFF CONVEYED IN REFTEL CONCERN THE STANDOFF BETWEEN IRAN AND THE IMF OVER A LARGER QUOTA THAN THAT PROVIDED BY THE SIXTH INCREASE (FROM SDE 192 TO 660 MILLION). HE SAID THAT FORMER CBI GOVERNOR MEHRAN TOLD WITTEVEEN THAT IRAN'S CONTRIBUTION TO THE FACILITY WAS VIRTUALLY CONDITIONAL ON A SIGNIFICANT SPECIAL QUOTA INCREASE. WHEN PRESSED TO IDENTIFY LIMITED OFFICIAL USE

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WHAT WOULD BE AN "ADEQUATE" QUOTA, MANAVI-RAD SAID THAT ACCORDING TO THE BRETTON WOODS FORMULA IRAN'S QUUOTA SHOULD BE SOME SDR THREE (3) BILLION BUT IT WOULD PROBABLY BE SATISFIED WITH SDR ONE (1) BILLION. HE SAID THAT SOME 13 COUNTRIES ARE ELIGIBLE FOR QUOTA INCREASES ACCORDING TO THE FORMULA, BUT THAT THE ONLY IMF RESPONSE HAS BEEN A REDISTRIBUTION OF THE REPUBLIC

OF CHINA'S QUOTA (SAID SOME SDR 270 MILLION), WHICH HE TERMED INADEQUATE. THE NEXT POSSIBLE MOVEMENT ON THIS STAND-OFF MAY BE THE INTENDED MEETINGS BETWEEN IRAN'S NEW IMF GOVERNOR, CBI GOVERNOR YOUSSEF KHOSHKISH, AND WITTEVEEN DURING THE COURSE OF THE IMF INTERIM MEETING APRIL 29. MEHRAN WAS TO HAVE ACCOMPANIED, BUT JUST CANCELLED; CBI VICE GOVERNOR SHIRAZI AND MANAVI-RAD ARE TO ATTEND.

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